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For Board

Orig sent

13 March 1969

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MEMORANDUM FOR: Director of Training

THROUGH : C/IS/OTR

FROM : OTR/ISSUBJECT : Report on Interviews with Sir William S. Stephenson
in Paget, Bermuda, 11-15 February 19691. Introduction

The nub of this paper, the result of my trip to Bermuda, is found in paragraphs 5 and 6 below. For completeness of the record and of possible interest to others, I am adding some notes on the background of the trip, the life of Sir William Stephenson, and the character of my interviews with him.

2. Background of This Trip

I went to see Sir William S. Stephenson, now a permanent resident of Bermuda, in order to get as much verification and elaboration as possible of certain claims made by and for him, claims which make him the prime mover in the train of events which led from General Donovan's famous trip to England in July, 1940, to the establishment of the Coordinator of Information and ultimately this Agency.

I had already singled out, first, rival British and American accounts of the commencement of this train of events, and second, the plausibility of the British version as opposed to the inadequacy of our own classified and unclassified version. Since, however, neither account was completely convincing history, I have been endeavoring to ascertain the facts through research in and outside the Agency and correspondence and interviews with persons possessing first-hand knowledge of the events. Among these Sir William is easily the most important one still living; and living or dead, he ranks with General Donovan himself in importance.

3. Sir William S. Stephenson

Stephenson, now age 73, was the chief of British intelligence in the U.S. during World War II. His official title was Director of British Security Coordination. For his services he was knighted by George VI and received from President Truman the Medal for Merit, the

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first foreigner so honored by the U.S.

Pre-eminence in the field of intelligence and special operations is only one aspect of his versatility. He was a World War I "ace," won the amateur lightweight boxing championship at the end of the War, invented a device significantly increasing the speed of transmission of photographs, was a millionaire by 30, and became a leading international financier-industrialist. His story has been told by H. Montgomery Hyde in Room 3603 or, in the British edition, The Quiet Canadian.

4. Setting and Character of Interviews

I met with Sir William in his home for a 2-4 hour session on each of the five days I was in Bermuda, 11-15 February 1969. The limit on the length of the sessions followed doctor's orders. Sir William was a most gracious host, was obviously pleased at having someone from the Agency quiz him at such length, and loaned me some personal papers as well as gave me copies of books about him, two of which he generously inscribed to me.

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Apropos of his generosity I wish to point out that it was not until the end of my stay in Bermuda that I learned he considered me his guest. Because of the illness of Lady Stephenson and the presence in the house of two nurses he explained he could not accommodate me in his home - something I had not anticipated or even wanted, and so had arranged a hotel reservation for me. On checking out, I learned he had picked up my bill. This was an act of hospitality which I found impossible to reject without doing offense to a host. In response to my protestations he remarked that "your being here is thanks enough. I now feel better towards the Agency."

Sir William apparently suffered a "stroke" a few years ago, and, even though 73, is obviously not as active as might otherwise be. He shuffles about, tires easily, is slightly forgetful, but is still alert and coherent, remains active in the conduct of his affairs, and retains an interest in world affairs. On his collaboration with Donovan he has a clear and firm picture, even when - in my opinion - he is in error.

5. Findings

A. Origin of Acquaintance with Donovan: Fundamental to Stephenson's claim of picking Donovan as a collaborator in 1940 is a claim to having known him before that time. Where was the evidence of this acquaintanceship? Sir William promptly provided me with the story of their first meeting in 1930 when lawyer Donovan journeyed to London

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as counsel to Mr. Harry Lake who was there to sell the Pressed Steel Company to Stephenson. When asked what nourished the friendship he recounted how he and Donovan discovered they had both been in the same French village in the first War, Donovan on duty with U.S. troops, and Stephenson having been accidentally shot down. In subsequent years, Donovan stopped in to see him "whenever he was in London." Stephenson observed that Harry Lake is still alive and could add information on this period; so also, he indicated, could Mr. George Leisure of Donovan's law firm.

B. Stephenson's Arrival in the U.S. in 1940: Stephenson's claim to credit for initiating Donovan's trip in July, 1940, pre-supposes two trips he claims to have made to the U.S. in the spring of 1940. I have never found any evidence of the first trip. In talking with him I learned that he came to the States in September, 1939, and this could very well account for his idea of two trips in 1940. I also learned that it is only the second trip of which he has any real recollection. Without going into details, I am fairly convinced that Stephenson did not arrive in the U.S. early enough to have initiated the trip.

C. The Idea of An American Intelligence Organization: Did Stephenson give Donovan the idea of an intelligence organization, or had the idea been evolving independently in the latter's mind? Stephenson did not shed much light on his role; he provided a few interesting details. He recounted arriving in the States and being asked by an old friend, Vincent Astor, to stay at what Astor called his "broken-down boarding house," the St. Regis Hotel. Sir William then called Donovan who told him to "Stay put, I'll be there in 20 minutes." Then began the unfolding of Stephenson's mission to the U.S. and his collaboration with Donovan. As Sir William developed his own British Security Coordination, he pressed upon Donovan the need for an American counterpart. Unfortunately, we do not have much factual and precise information on this process.

D. Role of Ian Fleming: The late novelist Ian Fleming has been quoted as claiming a major role in the drafting of the recommendations that led to the establishment of C.O.I. Stephenson and Col. Ellis (see Para. 5F) both ridiculed this, along with other portions of McLachlan's Room 39, as "a pack of nonsense." Ellis commented convincingly that Fleming's boss, Admiral Godfrey, the Director of British Naval Intelligence, would have been "horrified" at the thought of Fleming being so engaged. Ellis further noted Godfrey's admission that the style of the recommendations did not square with DNI's. More importantly, Stephenson pointed to Ellis as the man Donovan turned to when details and charts were needed to show how an intelligence organization could function.

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E. Appointment of Donovan as C.O.I.: Stephenson claims to have brought about the appointment by President Roosevelt of Donovan as head of the newly-established C.O.I. This appears in Room 3603. In my conversation with him he observed that Donovan did not want and did not seek the job: "He was a proud man, he would not ask for it, just as he did not seek the governorship of New York in 1947, and you can ask Ernest Cuneo (an FDR "brain-buster") about that."

F. Meeting with Col. C. H. ("Dick") Ellis: In visiting Sir William I had the unexpected good fortune of meeting Col. Ellis, who served as Sir William's deputy during the War. Ellis was described by Stephenson as the "professional" who knew how to make an organization function. What is most significant about Ellis is that he arrived on the N.Y. scene shortly after Donovan's return from England in 1940, and next to the two principals themselves was perhaps the person most intimately involved in the events of 1940-41. I only had one evening with him because of his return to Britain; he certainly should be interviewed at greater length.

G. The Idea of a Post-War Central Intelligence Organization: The only war-time document that Stephenson apparently has a copy of is a two-page letter he wrote to Donovan urging the establishment of a post-war American intelligence organization. The letter is kept in a scrapbook of newspaper clippings which Sir William showed me. (see Para. 5H) This letter, he claims, and some of this appears in Room 3603, played a major role in convincing President Truman of the need for a peace-time organization. The fact that it is the only such document he has and treasures in this fashion testifies to the strength of his own conviction of the significant role he played in this matter.

H. Stephenson Has No Private Papers: I specifically and repeatedly pressed Sir William for documentation of some of the important quotations in Room 3603. He said that he had no private papers, and I have no reason to question this. He explained that "we had to improvise, and anyhow we burned everything." All he brought forward, and this in response to my questions (see Para. 5G) was a personal scrapbook, his Medal for Merit Citation, a photograph of Donovan and the books mentioned in Para. 4. To learn that he has no papers was as disappointing as it was important. The disappointment is obvious. It is important because it raises the question of the credibility of many statements in Room 3603; unless they can be backed up by author Hyde or by official British papers, the Stephenson claims are considerably weakened.

6. Evaluation of Trip

This trip has been worthwhile, from the point of view of the history of the Agency, because without it the Agency would have no

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direct testimony from so important a person as Sir William Stephenson on the role he played in our development. Sir William had been queried on this subject about 1960 by the late Mr. Whitney Shepardson, but the 19-page memoir he dictated was subsequently lost to the Agency and was only recovered when I re-established contact with him late last year in anticipation of my interviewing him. Moreover, this report adds new knowledge to our permanent files and is the only record of conversations with Sir William on this subject that the Agency possesses. What must be pointed out here, however, is that my conversations have only encompassed the years 1940-41 and that we have, therefore, no direct testimony from Sir William on the subsequent war years when he was in weekly, often daily, telephonic or face-to-face contact with General Donovan, as the General's desk calendar shows.

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The next most significant aspect of this trip has been the discovery that Stephenson has no proof of his alleged responsibility for Donovan's trip to England in 1940. The point here is not to belittle his role but to reconstruct the event, which is perhaps the first in our institutional history. I have been able to find nothing that connects him with the trip and many things that explain it without reference to him and simply within the framework of our own domestic political situation. I am inclined to think that Sir William is understandably confused about events of so long ago and may be reading history backwards.

Finally, I have garnered many other details and insights into the period which I have not included here and which could not otherwise have been obtained. I have also had a valuable first-hand acquaintance with Sir William himself, have obtained many leads to other persons still living, and had a useful introduction to Colonel Ellis.

Exploitation of Ellis and the other leads conceivably could help clarify the role Stephenson played in communicating the idea of an intelligence organization to Donovan and in bringing about his appointment as C.O.I. Stephenson undoubtedly played a creative part here, but details are still wanting.

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